

AMENDED IN SENATE JUNE 23, 2014

AMENDED IN SENATE JUNE 10, 2014

AMENDED IN SENATE FEBRUARY 20, 2014

AMENDED IN SENATE FEBRUARY 12, 2014

SENATE BILL

No. 848

Introduced by Senator Wolk

(Principal coauthor: Assembly Member Frazier)

**(Coauthors: Senators De León, DeSaulnier, Hancock, Hueso, Pavley,
and Steinberg)**

(Coauthor: Assembly Member Bonilla)

January 9, 2014

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a safe drinking water, water quality, and water supply program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 848, as amended, Wolk. Safe Drinking Water, Water Quality, and Water Supply Act of 2014.

(1) Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the

submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Safe Drinking Water, Water Quality, and Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$10,500,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water, water quality, and water supply program.

The bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

(3) Existing law, the Water Conservation and Water Quality Bond Law of 1986, approved by the voters at the June 3, 1986, statewide primary election, authorizes the issuance of general obligation bonds in the amount of \$150,000,000 for the Department of Water Resources to make prescribed loans to local agencies for the purposes of financing a water conservation and water quality program. Existing law, the Water Conservation Bond Law of 1988, approved by the voters at the November 8, 1988, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$60,000,000 for the Department of Water Resources to make prescribed loans to local agencies for the purposes of financing a water conservation program. Existing law, the Safe, Clean, Reliable Water Supply Act, a bond act approved by the voters as Proposition 204 at the November 5, 1996, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$995,000,000 for grants, loans, and direct expenditures for the purposes of financing a safe, clean, reliable water supply program. Existing law, the Costa-Machado Water Act of 2000, a bond act approved by the voters as Proposition 13 at the March 7, 2000, statewide primary election, authorizes the issuance of general obligation bonds in the amount of \$1,970,000,000 for grants, loans, and direct expenditures for the purposes of financing a safe drinking water, clean water, watershed protection, and flood protection program.

This bill would authorize the Legislature to appropriate any unencumbered proceeds of bonds from the above-described bond acts in their respective bond funds as of November 5, 2014, for prescribed purposes as described in the Safe Drinking Water, Water Quality, and Water Supply Act of 2014. This bill would provide for the submission

of these provisions to the voters at the November 4, 2014, statewide general election.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Division 26.7 (commencing with Section 79700) of the Water Code, as added by Section 1 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, is repealed.

SEC. 2. Division 26.7 (commencing with Section 79700) is added to the Water Code, to read:

DIVISION 26.7. THE SAFE DRINKING WATER, WATER QUALITY, AND WATER SUPPLY ACT OF 2014

CHAPTER 1. SHORT TITLE

79700. This division shall be known and may be cited as the Safe Drinking Water, Water Quality, and Water Supply Act of 2014.

CHAPTER 2. FINDINGS AND DECLARATIONS

79705. In placing this measure before the voters, the Legislature finds and declares that all of the following are in the public's interest:

(a) Ensuring that safe drinking water is available to all Californians.

(b) Protecting water quality and cleaning up contaminated water sources.

(c) Increasing water supply and water supply reliability.

(d) Assisting each region of the state in improving local water supply reliability and water quality.

(e) Resolving water-related conflicts and improving local and regional water self-reliance.

(f) Protecting the rivers, lakes, and streams of the state from pollution, loss of water quality, and destruction of fish and wildlife habitat.

79706. The Legislature further finds and declares that to achieve the public interest objectives under Section 79705, it is necessary to invest state resources in the following:

(a) Safe drinking water projects, especially projects addressing the needs of disadvantaged communities, and financing urgent public health emergency actions to ensure safe drinking water supplies.

(b) Wastewater treatment projects to keep contaminants out of rivers, lakes, streams, and coastal waters.

(c) Projects to enhance water supplies and increase water supply reliability through the following:

(1) Urban and agricultural water conservation and water use efficiency projects.

(2) Groundwater clean up or pollution prevention in sources of drinking water.

(3) Water recycling projects.

(4) Projects to desalinate brackish and ocean water.

(5) Stormwater capture and reuse.

(6) Sustainable groundwater management.

(d) Projects that improve Delta water quality, restore ecosystems, protect fish populations, and increase community sustainability.

(e) Projects that reduce the risk of levee failure and flood in the Delta.

(f) Projects to protect and restore watersheds and urban rivers, and address water quality deficiencies at state parks.

(g) Projects to develop additional water storage, ~~both surface and groundwater storage, through the following:~~ *and capacity.*

~~(1) New surface storage projects.~~

~~(2) Groundwater storage projects and groundwater contamination prevention or remediation projects that create additional groundwater storage capacity.~~

~~(3) Projects that restore the capacity of reservoirs currently impaired by sediment buildup, seismic vulnerability, or other impairment.~~

CHAPTER 3. PURPOSE

79708. An agency allocating funds provided by this division shall prioritize investment in projects that provide drought relief, safe drinking water, and water use efficiency improvements necessary to increase the sustainability of California's water systems.

CHAPTER 4. DEFINITIONS

79710. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this division, as follows:

- (a) "Commission" means the California Water Commission.
- (b) "Delta" means the Sacramento-San Joaquin Delta as defined in Section 85058.
- (c) "Delta counties" means Contra Costa, Sacramento, San Joaquin, Solano, and Yolo counties.
- (d) "Department" means the Department of Water Resources.
- (e) "Director" means the Director of Water Resources.
- (f) "Disadvantaged community" has the same meaning as set forth in subdivision (a) of Section 79505.5.
- (g) "Finance committee" means the Safe Drinking Water, Water Quality, and Water Supply Finance Committee created by Section 79824.
- (h) "Fund" means the Safe Drinking Water, Water Quality, and Water Supply Fund of 2014 created by Section 79770.
- (i) "Initial operation and maintenance costs" mean those initial, eligible, reimbursable costs under a construction funding agreement that are incurred up to, and including, initial startup testing of the constructed project in order to deem the project complete.
- (j) "Integrated regional water management plan" means a comprehensive plan for a defined geographic area that meets the requirements of Part 2.2 (commencing with Section 10530) of Division 6, as that part may be amended.
- (k) "Interim" means the limited period of time needed to address the identified urgent need for safe drinking water, not to exceed three years.

(l) “Local match” and “matching funds” mean funds made available by nonstate sources, which may include, but are not limited to, donated services from nonstate sources.

(m) “Nonprofit organization” means an organization qualified to do business in California and qualified under Section 501(c)(3) of Title 26 of the United States Code.

(n) “Public agency” means a state agency or department, public water system, special district, joint powers authority, city, county, city and county, or other political subdivision of the state.

(o) “Secretary” means the Secretary of the Natural Resources Agency.

(p) “Severely disadvantaged community” has the same meaning as set forth in subdivision (n) of Section 116760.20 of the Health and Safety Code.

(q) “Small water system” means a public water system that serves 15 or more service connections but not more than 3,000 persons and regularly serves drinking water to more than an average of 25 individuals daily for more than 60 days out of the year.

(r) “State board” means the State Water Resources Control Board.

(s) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

(t) “State small water system” means a system for the provision of piped water to the public for human consumption that serves at least 5, but no more than 14, service connections and does not regularly serve drinking water to more than an average of 25 individuals daily for more than 60 days out of the year.

CHAPTER 5. SAFE DRINKING WATER PROJECTS

79720. (a) It is the intent of the people that this chapter provide funds to ensure the provision of safe drinking water to all Californians and to increase the reliability of water supply for safe drinking water and other purposes.

(b) The sum of three billion twenty million dollars (\$3,020,000,000) shall be available for the purposes of this chapter.

1 79721. From the funds described in Section 79720, one hundred
2 million dollars (\$100,000,000) shall be available to the state board
3 for grants and direct expenditures to finance urgent actions needed
4 to provide drinking water in communities that lack access to safe
5 drinking water to ensure that safe drinking water supplies are
6 available to all Californians. Grants and direct expenditures shall
7 be exempt from contracting and procurement requirements to the
8 extent necessary to take immediate action to protect public health
9 and safety. Grants awarded pursuant to this section shall not exceed
10 two hundred fifty thousand dollars (\$250,000). Eligible actions
11 include, but are not limited to, the following:

12 (a) Providing interim water supplies, for a period not to exceed
13 three years, where necessary to protect public health, including
14 the design, purchase, installation, and operation and maintenance
15 of interim water treatment equipment and systems.

16 (b) Improvements in existing water systems, including, but not
17 limited to, design and construction of improvements necessary to
18 resume delivery of safe drinking water.

19 (c) Establishing connections to an adjacent water system.

20 (d) Urgent wastewater treatment projects in order to prevent the
21 contamination of a drinking water source.

22 79722. (a) From the funds described in Section 79720, four
23 hundred million dollars (\$400,000,000) shall be available to the
24 state board for grants and loans for public water system
25 infrastructure improvements and related actions to meet primary
26 or secondary safe drinking water standards or contaminants
27 identified by the state or federal government for development of
28 a primary or secondary drinking water standard and ensure
29 affordable drinking water. Priority shall be given to projects that
30 provide treatment for contamination or access to alternative
31 drinking water sources in areas where drinking water sources have
32 been impaired by chemical and nitrate contaminants and other
33 health hazards identified by the state board. Eligible recipients
34 either operate small water systems or state small water systems in
35 disadvantaged communities or are public agencies that are
36 authorized to act on behalf of those systems. The state board may
37 make grants for the purpose of financing feasibility studies and to
38 meet the eligibility requirements for a construction grant. Eligible
39 expenses may include initial operation and maintenance costs for
40 systems serving disadvantaged communities. Special consideration

1 will be given to projects that provide shared solutions for multiple
2 communities, at least one of which is a disadvantaged community
3 served by a small or state small water system or private well and
4 that lacks safe, affordable drinking water. Construction grants shall
5 be limited to five million dollars (\$5,000,000) per project, except
6 that the state board may set a limit of not more than twenty million
7 dollars (\$20,000,000) for projects that provide regional or shared
8 solutions among multiple entities, at least one of which is a small
9 disadvantaged community. Not more than 25 percent of a grant
10 may be awarded in advance of actual expenditures.

11 (b) The state board may expend up to twenty-five million dollars
12 (\$25,000,000) of the funds allocated in subdivision (a) for technical
13 assistance to eligible communities.

14 (c) At least 10 percent of the funds available pursuant to this
15 section shall be allocated for projects serving severely
16 disadvantaged communities.

17 (d) Of the funds available pursuant to subdivision (c), the state
18 board may expend up to ten million dollars (\$10,000,000) to
19 finance development and demonstration of new technologies and
20 related facilities for water contaminant removal and treatment
21 appropriate for use by small water systems and state small water
22 systems.

23 (e) (1) Up to two million five hundred thousand dollars
24 (\$2,500,000) of the funds available pursuant to this section may
25 be available as temporary initial funding for a pooled capital
26 reserve among small water systems and state small water systems.
27 This pooled capital reserve would be administered by the state
28 board. The purpose of the pooled capital reserve would be to allow
29 participating systems to collect sufficient financial capacity from
30 the system's ratepayers over an affordable schedule. The funds
31 available pursuant to this subdivision shall be utilized only if the
32 state board determines that there are insufficient deposits from any
33 participating small water systems and state small water systems
34 in the pooled capital reserve. If bond funds will be used pursuant
35 to this subdivision, the state board shall develop criteria to
36 implement this subdivision that includes full repayment provisions
37 for any withdrawals from the pooled capital reserve.

38 (2) This subdivision shall become inoperative on January 1,
39 2024.

1 79723. The state board may administer together the funds
2 allocated pursuant to subdivision (b) of Section 79722 and
3 subdivision (b) of Section 79721.

4 79724. (a) From the funds described in Section 79720, one
5 billion four hundred million dollars (\$1,400,000,000) shall be
6 available to the department for competitive grants for projects that
7 implement an adopted integrated regional water management plan
8 consistent with Part 2.2 (commencing with Section 10530) of
9 Division 6, as that part may be amended.

10 (b) Eligible projects are those that improve the quality or supply
11 of safe drinking water, increase regional water self-reliance, or
12 address any of the following other critical water-supply-reliability
13 *management* issues:

14 (1) Groundwater clean up or pollution prevention in sources of
15 drinking water.

16 (2) Advanced water treatment technology projects to remove
17 contaminants from drinking water, water recycling, and related
18 projects, such as distribution or groundwater recharge
19 infrastructure.

20 (3) Urban and agricultural water conservation and water use
21 efficiency projects.

22 (4) Water reuse and recycling for nonpotable reuse and direct
23 and indirect potable reuse.

24 (5) The repair or replacement of aging water management
25 infrastructure in disadvantaged communities.

26 (6) Other integrated water infrastructure projects that address
27 one or more water management activities and improve the
28 reliability or quality of regional water supplies.

29 (7) Brackish groundwater and ocean water desalination projects.

30 (8) Groundwater storage.

31 (9) Recycled water storage.

32 (10) Sediment removal to improve storage.

33 (11) Dam seismic retrofit.

34 (12) Local and regional conveyance projects that will improve
35 regional connectivity and maximize the benefits of existing water
36 storage.

37 (13) *Other projects eligible under Section 79561 of the Water*
38 *Code.*

39 (c) Funds made available pursuant to this section shall be
40 available upon appropriation to, and shall be administered by, the

1 department, in ~~close collaboration~~ *coordination* with the state
2 board. ~~Specific project and planning grant awards shall be selected~~
3 ~~jointly by the director and chair of the state board.~~

4 (d) Projects funded pursuant to this section shall require a local
5 match of not less than 25 percent of project costs, except the
6 department may suspend or reduce cost share requirements for
7 projects serving disadvantaged communities or that reduce reliance
8 on the Delta, consistent with Section 85021.

9 (e) To be eligible for funding under this section, a region shall
10 comply with the following requirements:

11 (1) Have an adopted integrated regional water management
12 plan.

13 (2) Each urban and agricultural water supplier that would benefit
14 from a project shall adopt and submit an urban or agricultural water
15 management plan in accordance with the Urban Water Management
16 Planning Act (Part 2.6 (commencing with Section 10610) of
17 Division 6) or the Agricultural Water Management Planning Act
18 (Part 2.8 (commencing with Section 10800) of Division 6). ~~Urban~~
19 ~~or agricultural water management plans shall be certified by the~~
20 ~~department as meeting the requirements of the Urban Water~~
21 ~~Management Planning Act or the Agricultural Water Management~~
22 ~~Planning Act, and Sections 10608.56 and 10631.5, as those~~
23 ~~provisions may be amended.~~

24 (3) Each local agency whose service area includes a groundwater
25 basin or subbasin that would benefit from a groundwater
26 management project shall adopt and submit a groundwater
27 management plan in accordance with groundwater management
28 planning requirements established under Division 6 (commencing
29 with Section 10000). ~~Groundwater management plans shall be~~
30 ~~certified by the administering state agency as meeting the~~
31 ~~groundwater management planning requirements.~~

32 (4) ~~(A) Have a water budget that describes local and imported~~
33 ~~water supplies and uses in sufficient detail to inform long-term~~
34 ~~efforts towards sustainable water management and, where~~
35 ~~applicable, include a description of the measures taken to comply~~
36 ~~with Section 85021.~~

37 ~~(B) The department shall develop guidelines for compliance~~
38 ~~with this paragraph.~~

39 (5) ~~Where applicable, an integrated water management plan~~
40 ~~shall be consistent with and implement Section 85021.~~

1 ~~79725. The California Water Commission shall review the~~
2 ~~implementation of Section 79724 and shall certify that requirements~~
3 ~~for grant eligibility pursuant to that section are met prior to the~~
4 ~~department making final grant awards.~~

5 ~~79726.~~

6 79725. Funding described in Section 79724 shall be allocated
7 to hydrologic regions as identified in the California Water Plan
8 and listed below. For the South Coast Region, the department shall
9 establish three subregions that reflect the San Diego County
10 watersheds, the Santa Ana River watershed, and the Los
11 Angeles-Ventura County watersheds respectively, and allocate
12 funds to those subregions. The North and South Lahontan regions
13 shall be treated as one region for the purpose of allocating funds,
14 but the department may require separate regional plans. Funds
15 available pursuant to this section shall be allocated in accordance
16 with the following schedule:

17 (a) Sixty-five million dollars (\$65,000,000) for the North Coast
18 hydrologic region.

19 (b) One hundred ninety-five million dollars (\$195,000,000) for
20 the San Francisco Bay hydrologic region.

21 (c) Eighty-five million dollars (\$85,000,000) for the Central
22 Coast hydrologic region.

23 (d) Two hundred eighty-four million dollars (\$284,000,000) for
24 the Los Angeles subregion.

25 (e) One hundred seventy-four million dollars (\$174,000,000)
26 for the Santa Ana subregion.

27 (f) One hundred thirty-eight million dollars (\$138,000,000) for
28 the San Diego hydrologic region.

29 (g) One hundred eighteen million dollars (\$118,000,000) for
30 the Sacramento River hydrologic region.

31 (h) Ninety-eight million dollars (\$98,000,000) for the San
32 Joaquin River hydrologic region.

33 (i) One hundred two million dollars (\$102,000,000) for the
34 Tulare/Kern hydrologic region.

35 (j) Seventy-four million dollars (\$74,000,000) for the
36 North/South Lahontan hydrologic region.

37 (k) Sixty-seven million dollars (\$67,000,000) for the Colorado
38 River Basin hydrologic region.

1 ~~79727.~~

2 79726. (a) Prevention and clean up of groundwater
3 contamination are critical components of successful groundwater
4 management. Groundwater quality becomes especially important
5 as water providers do the following:

6 (1) Evaluate investments in groundwater recharge with surface
7 water, stormwater, recycled water, and other conjunctive use
8 projects that augment local groundwater supplies to improve
9 regional water self-reliance.

10 (2) Adapt to changing hydrologic conditions brought on by
11 climate change.

12 (3) Consider developing groundwater basins to provide much
13 needed local storage options to accommodate hydrologic and
14 regulatory variability in the state's water delivery system.

15 (4) Evaluate investments in groundwater recovery projects.

16 (b) From the funds described in Section 79720, one billion
17 dollars (\$1,000,000,000) shall be available to the state board for
18 construction grants and loans for treatment and remediation projects
19 that prevent or reduce the contamination of groundwater that serves
20 as a source of drinking water.

21 (c) For the purposes of awarding funding pursuant to this
22 section, a local cost share of not less than 50 percent of the total
23 costs of the project shall be required. The cost-sharing requirement
24 may be waived or reduced for projects that directly benefit a
25 disadvantaged community.

26 (d) At least 10 percent of the funds available pursuant to this
27 section shall be allocated for projects serving severely
28 disadvantaged communities.

29 (e) Funding authorized pursuant to this section shall include
30 funding for technical assistance to disadvantaged communities.
31 The state board shall operate a multidisciplinary technical
32 assistance program for small and disadvantaged communities.

33 (f) Priority shall be given to projects that do any of the
34 following:

35 (1) Have commenced a characterization study, consistent with
36 the State Department of Public Health's Procedure Memorandum
37 97-005, and issued a notice of preparation for an environmental
38 impact report.

39 (2) Will address contamination at a site on the list maintained
40 by the Department of Toxic Substances Control pursuant to Section

1 25356 of the Health and Safety Code or listed on the National
2 Priorities List established pursuant to Section 105 of the
3 Comprehensive Environmental Response, Compensation, and
4 Liability Act of 1980 (42 U.S.C. Sec. 9605(a)(8)(B)).

5 (3) Prevents or minimizes saltwater intrusion.

6 (g) The state board shall require grantees to do the following:

7 (1) Make reasonable efforts to attempt to recover the costs of
8 cleanup from the parties responsible for the contamination. A
9 grantee shall not be required to seek cost recovery related to the
10 costs of response actions apportioned to responsible parties who
11 are insolvent or cannot be identified or located, or when a
12 requirement to seek cost recovery would impose a financial
13 hardship on the grantee.

14 (2) Repay grant funds that are subsequently recovered from
15 parties responsible for the groundwater contamination.

16 ~~79728.~~

17 79727. From the funds described in Section 79720, twenty
18 million dollars (\$20,000,000) shall be available to the Department
19 of Parks and Recreation to address public health deficiencies in
20 drinking water and wastewater quality at state parks.

21 ~~79729.~~

22 79728. From the funds described in Section 79720, one hundred
23 million dollars (\$100,000,000) shall be made available for
24 competitive grants for projects that develop groundwater
25 management plans, consistent with existing groundwater
26 management planning requirements in Division 6 (commencing
27 with Section 10000), that further sustainable groundwater
28 management.

29
30 CHAPTER 6. WATER QUALITY PROJECTS

31
32 79730. (a) It is the intent of the people that this chapter provide
33 funds to protect water quality in the rivers, lakes, streams, and
34 coastal waters of the state, to assist in meeting the Federal Water
35 Pollution Control Act (33 U.S.C. Sec. 1251 et seq.) and other state
36 and federal requirements for the protection of water quality, public
37 health, and endangered species, and to protect or restore natural
38 systems that contribute to water supply, water quality, or flood
39 management.

1 (b) The sum of three billion one hundred eighty million dollars
2 (\$3,180,000,000) shall be available for the purposes of this chapter.

3 79731. (a) From the funds described in Section 79730, four
4 hundred million dollars (\$400,000,000) shall be available to the
5 state board for deposit in the State Water Pollution Control
6 Revolving Fund Small Community Grant Fund established by
7 Section 13477.6 for grants for wastewater treatment projects to
8 keep contaminants out of rivers, lakes, streams, groundwater, and
9 coastal waters, and for other projects to protect the public and fish
10 and wildlife from contaminated sources of water. Priority shall be
11 given to projects that serve disadvantaged communities and
12 severely disadvantaged communities, and to projects that address
13 public health hazards. Special consideration shall be given to small
14 communities with limited financial resources. Projects shall
15 include, but not be limited to, projects that identify, plan, design,
16 and implement regional mechanisms to consolidate wastewater
17 systems or provide affordable treatment technologies.

18 (b) The state board may expend up to ten million dollars
19 (\$10,000,000) of the funds allocated in subdivision (a) for technical
20 assistance to eligible communities.

21 (c) From the funds available pursuant to subdivision (a), twenty
22 million dollars (\$20,000,000) shall be allocated to the state board
23 for deposit into the Domestic Well and Septic Systems Investment
24 Fund, which is hereby created in the State Treasury. Moneys in
25 the fund shall be available, upon appropriation by the Legislature,
26 for the purpose of providing grants and loans to domestic well and
27 septic owners to protect drinking water sources and ensure safe
28 and affordable drinking water for all Californians. The state board
29 shall develop criteria for the allocation of these grants and loans
30 that specifies these are for the benefit of small communities to
31 treat drinking water or protect drinking water from contamination
32 and includes an income threshold equivalent to the definition of a
33 disadvantaged community.

34 79732. (a) From the funds described in Section 79730, five
35 hundred million dollars (\$500,000,000) shall be available to the
36 state board for competitive grants for projects that develop,
37 implement, or improve a stormwater capture and reuse plan
38 consistent with Part 2.3 (commencing with Section 10560) of
39 Division 6, as that part may be amended, and that capture and put
40 to beneficial use stormwater or dry weather runoff.

(b) Stormwater capture and reuse projects developed pursuant to an adopted integrated regional water management plan in compliance with Part 2.2 (commencing with Section 10530) of Division 6 are also eligible for funding under this section if those projects were identified and developed in substantive compliance with Part 2.3 (commencing with Section 10560) of Division 6, as those parts may be amended.

(c) Projects eligible for funding under this section shall assist in the capture and reuse of stormwater or dry weather runoff. Eligible projects include any of the following:

(1) Projects that capture, convey, treat, or put to beneficial use stormwater or dry weather runoff.

(2) The development of stormwater capture and reuse plans pursuant to Part 2.3 (commencing with Section 10560) of Division 6, as that part may be amended.

(3) Decision support tools, data acquisition, and data analysis to identify and evaluate the benefits and costs of potential stormwater capture and reuse projects.

(4) Projects that, in addition to capturing and reusing stormwater or dry weather runoff, improve water quality, provide public benefits, such as augmentation of water supply, flood control, open space and recreation, and projects designed to mimic or restore natural watershed functions.

(d) The state board shall grant special consideration to plans or projects that provide multiple benefits such as water quality, water supply, flood control, natural lands, or recreation.

(e) The state board shall require a 25-percent local cost share for grant funds, but may suspend or reduce the matching requirements for projects that capture or reuse stormwater or dry weather runoff in disadvantaged communities.

(f) The state board shall adopt a policy establishing criteria for projects funded by this section to ensure that a project funded pursuant to this section complies with water quality laws and does not put at risk any groundwater or surface water supplies.

(g) No more than seventy-five million dollars (\$75,000,000) shall be awarded for the development of stormwater capture and reuse plans.

79733. From the funds described in Section 79730, five hundred million dollars (\$500,000,000) shall be available to the

1 state board for grants for water recycling and advanced treatment
2 technology projects, including all of the following:

3 (a) Water recycling projects, including, but not limited to,
4 treatment, storage, conveyance, and distribution facilities for
5 potable and nonpotable recycling projects.

6 (b) Contaminant and salt removal projects, including, but not
7 limited to, groundwater and seawater desalination and associated
8 treatment, storage, conveyance, and distribution facilities.

9 (c) Dedicated distribution infrastructure to serve residential,
10 commercial, agricultural, and industrial end-user retrofit projects
11 to allow the use of recycled water.

12 (d) Pilot projects for new salt and contaminant removal
13 technology.

14 (e) Groundwater recharge infrastructure related to recycled
15 water.

16 (f) Technical assistance and grant writing assistance for
17 disadvantaged communities.

18 79734. For the purpose of awarding funding under Section
19 79733, a local cost share of not less than 50 percent of the total
20 costs of the project shall be required. The cost-sharing requirement
21 may be waived or reduced for projects that directly benefit a
22 disadvantaged community.

23 79735. Projects funded pursuant to Section 79733 shall be
24 selected on a competitive basis, considering all of the following
25 criteria:

26 (a) Water supply reliability improvement.

27 (b) Water quality and ecosystem benefits related to decreased
28 reliance on diversions from the Delta or instream flows.

29 (c) Public health benefits from improved drinking water quality.

30 (d) Cost-effectiveness.

31 (e) Energy efficiency and greenhouse gas emission impacts.

32 (f) Reasonable geographic allocation to eligible projects
33 throughout the state, including both northern and southern
34 California and coastal and inland regions.

35 79736. For purposes of Section 79733, competitive programs
36 shall be implemented consistent with water recycling programs
37 administered pursuant to Sections 79140 and 79141 or consistent
38 with desalination programs administered pursuant to Sections
39 79545 and 79547.2.

1 79737. (a) From the funds described in Section 79730, the
2 sum of ~~five hundred million dollars (\$500,000,000)~~ *two hundred*
3 *fifty million dollars (\$250,000,000)* shall be available for water
4 quality, river, and watershed protection and restoration projects
5 of statewide importance outside of the Delta. Funds provided by
6 this section shall be allocated according to the following schedule:

7 ~~(1) Two hundred fifty million dollars (\$250,000,000) to~~
8 ~~implement the Klamath Hydroelectric Settlement Agreement. Up~~
9 ~~to fifty million dollars (\$50,000,000) of the funds available~~
10 ~~pursuant to this paragraph may be made available for restoration~~
11 ~~projects in California pursuant to the Klamath Basin Restoration~~
12 ~~Agreement if all of the funds available pursuant to this paragraph~~
13 ~~are not needed for dam removal projects.~~

14 (2)

15 (1) One hundred million dollars (\$100,000,000) for projects
16 that help fulfill state obligations under Chapters 611, 612, and 613
17 of the Statutes of 2003, which were enacted to facilitate the
18 execution and implementation of the Quantification Settlement
19 Agreement, including restoration of the Salton Sea.

20 (3)

21 (2) One hundred million dollars (\$100,000,000) for projects
22 that help fulfill state obligations under the San Joaquin River
23 Restoration Settlement, as described in Part I of Subtitle A of Title
24 X of Public Law 111-11.

25 (4)

26 (3) Fifty million dollars (\$50,000,000) for projects that help
27 fulfill state obligations under the Tahoe Regional Planning
28 Compact pursuant to Section 66800 of the Government Code.
29 Funds provided by this paragraph shall be approved pursuant to
30 Title 7.42 (commencing with Section 66905) of the Government
31 Code, as those provisions may be amended.

32 (b) Expenditures funded by this section shall comply with
33 Section 16727 of the Government Code.

34 79738. (a) From the funds described in Section 79730, the
35 sum of ~~nine hundred twenty-five million dollars (\$925,000,000)~~
36 *one billion one hundred seventy-five million dollars*
37 *(\$1,175,000,000)* shall be available for projects that protect and
38 improve California's watersheds, wetlands, forests, and flood
39 plains.

(b) Funds available pursuant to this section shall be allocated as follows:

(1) Baldwin Hills Conservancy: fifteen million dollars (\$15,000,000).

(2) California Tahoe Conservancy: forty-five million dollars (\$45,000,000).

(3) Coachella Valley Mountains Conservancy: twenty million dollars (\$20,000,000).

(4) San Diego River Conservancy: twenty million dollars (\$20,000,000).

(5) San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy: sixty-five million dollars (\$65,000,000).

(6) San Joaquin River Conservancy: twenty million dollars (\$20,000,000).

(7) Santa Monica Mountains Conservancy: sixty-five million dollars (\$65,000,000).

(8) Sierra Nevada Conservancy: one hundred fifteen million dollars (\$115,000,000).

(9) State Coastal Conservancy: three hundred million dollars (\$300,000,000).

(10) Wildlife Conservation Board: ~~two hundred ten million dollars (\$210,000,000);~~ *four hundred sixty million dollars (\$460,000,000).*

(11) California Ocean Protection Council: fifty million dollars (\$50,000,000).

(c) Of the funds allocated to the State Coastal Conservancy pursuant to paragraph (9) of subdivision (b), one hundred sixty-five million dollars (\$165,000,000) is available as follows:

(1) Fifty million dollars (\$50,000,000) shall be available for projects that help restore coastal salmonid populations.

(2) Seventy-five million dollars (\$75,000,000) shall be available for flood control projects on public lands that provide critical flood, water quality, and wetland ecosystem benefits to the San Francisco Bay region.

(3) Forty million dollars (\$40,000,000) shall be available for projects that benefit the Santa Ana River watershed.

(d) Of the funds allocated to the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy pursuant to paragraph (5) of subdivision (b), up to fifteen million dollars (\$15,000,000)

1 shall be available for multibenefit coastal wetlands restoration
2 undertaken in coordination with the State Coastal Conservancy.

3 (e) Eligible projects include those that do any of the following:

4 (1) Reduce pollution or contamination of rivers, lakes, streams,
5 or coastal waters.

6 (2) Protect or restore rural or urban watershed functions that
7 contribute to water supply, water quality, or flood management.

8 (3) Protect and restore aquatic, coastal, wetland, and migratory
9 bird ecosystems, including fish and wildlife corridors.

10 (4) Implement adaptation and conservation projects that improve
11 the ability of California's watersheds, wetlands, forests, and
12 floodplains to reduce the impacts of climate change on California's
13 communities and ecosystems including through the implementation
14 of natural community conservation plans and habitat conservation
15 plans.

16 (f) Priority shall be given to projects with multiple benefits such
17 as increased water supply, improved water quality, and improved
18 local or regional water quality and water supply reliability that
19 builds the resilience of human communities and natural habitats
20 against the risks of prolonged drought or the exhaustion of water
21 supplies.

22 (g) An appropriation of funds available pursuant to this section
23 may include funds for planning, monitoring, and assessment of
24 the effectiveness of the programs and projects authorized for
25 funding.

26 79739. (a) From the funds described in Section 79730, two
27 hundred million dollars (\$200,000,000) shall be available to the
28 secretary for a competitive program to fund multibenefit watershed
29 and river enhancement projects in urban watersheds. Eligible
30 applicants are public agencies and nonprofit organizations. Eligible
31 projects shall improve watershed health, water quality, or water
32 supply reliability. All projects shall increase regional and local
33 water self-sufficiency and meet at least two or more of the
34 following objectives:

35 (1) Promote groundwater recharge and water reuse.

36 (2) Reduce energy consumption.

37 (3) Use soils, plants, and natural or designed processes to treat
38 and capture runoff.

39 (4) Create or restore native habitat.

(5) Increase regional and local resiliency and adaptability to climate change.

(6) Further the purposes of the California Urban Forestry Act of 1978 (Chapter 2 (commencing with Section 4799.06) of Part 2.4 of Division 4 of the Public Resources Code) with urban forestry projects in the immediate proximity of the river.

(b) At least 75 percent of the funds available pursuant to this section shall be allocated for projects that are located in or in close proximity to, major metropolitan cities for a river that has adopted a revitalization plan as of January 1, 2014. Funds made available by this subdivision are available for grants along the entire river and its tributaries, not solely for those river reaches covered by the revitalization plan.

79740. (a) From the funds described in Section 79730, thirty million dollars (\$30,000,000) shall be available to the state board to fund watershed activities by resource conservation districts.

(b) To be eligible for the funding available pursuant to this section, the board of a resource conservation district shall be appointed by the local county board of supervisors.

79741. From the funds described in Section 79730, twenty-five million dollars (\$25,000,000) shall be available to the state board for competitive grants for special districts and nonprofit organizations for projects that reduce or manage runoff from agricultural lands for the benefit of surface and groundwater quality.

79742. From the funds described in Section 79730, the sum of one hundred million dollars (\$100,000,000) shall be available to the Wildlife Conservation Board for wildlife refuges and wildlife habitat areas under Section 3406(d) of Title 34 of Public Law 102-575.

CHAPTER 7. DELTA

79750. (a) It is the intent of the people that this chapter provide funds to protect, restore, and enhance the Delta ecosystem, improve the water quality, protect the unique cultural, recreational, natural resource, and agricultural values of the Delta, and protect the integrity of Delta levees for water conveyance and flood control purposes.

(b) The sum of one billion three hundred million dollars (\$1,300,000,000) shall be available for the purposes of this chapter.

79751. (a) From the funds described in Section 79750, nine hundred million dollars (\$900,000,000) shall be available to the Sacramento-San Joaquin Delta Conservancy for water quality, ecosystem restoration, fish protection facilities, and community sustainability projects that benefit the Delta, including, but not limited to, the following:

(1) Projects to improve water quality facilities or projects that contribute to improvements in water quality in the Delta, including projects in Delta counties that provide multiple public benefits and improve drinking or agricultural water quality or water supplies.

(2) Habitat restoration, conservation, and enhancement projects to improve the condition of special status, at risk, endangered, or threatened species in the Delta and the Delta counties, including projects to eradicate invasive species, and projects that support the beneficial reuse of dredged material for habitat restoration and levee improvements.

(3) Projects to assist in preserving economically viable and sustainable agriculture and other economic activities in the Delta, including local infrastructure projects and projects to mitigate the economic and community impacts of any conversion of agricultural land to habitat funded by this section.

(4) Multibenefit recycled water projects that improve groundwater management and Delta tributary ecosystems.

(5) Scientific studies and assessments that support the Delta Science Program as described in Section 85280 or projects authorized under this section.

(b) Of the funds available pursuant to subdivision (a), not less than five hundred million dollars (\$500,000,000) shall be made available for purposes of paragraphs (1) and (2) of subdivision (a).

(c) Of the funds available pursuant to subdivision (a), not less than three hundred million dollars (\$300,000,000) shall be made available for purposes of paragraph (3) of subdivision (a).

(d) Of the funds available pursuant to subdivision (a), not less than one hundred million dollars (\$100,000,000) shall be made available for purposes of paragraphs (4) and (5) of subdivision (a).

79752. From the funds described in Section 79750, four hundred million dollars (\$400,000,000) shall be available to reduce

1 the risk of levee failure and flood in the Delta for any of the
2 following:

3 (a) Local assistance under the Delta levee maintenance
4 subventions program under Part 9 (commencing with Section
5 12980) of Division 6, as that part may be amended.

6 (b) Special flood protection projects under Chapter 2
7 (commencing with Section 12310) of Part 4.8 of Division 6, as
8 that chapter may be amended.

9 (c) Levee improvement projects that increase the resiliency of
10 levees within the Delta to withstand earthquake, flooding, or sea
11 level rise.

12 (d) Emergency response and repair projects.

13
14 CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL
15 IMPROVEMENT FOR DROUGHT PREPAREDNESS
16

17 79760. (a) Notwithstanding Section 162, the commission may
18 make the determinations, findings, and recommendations required
19 of it by this chapter independent of the views of the director. All
20 final actions by the commission in implementing this chapter shall
21 be taken by a majority of the members of the commission at a
22 public meeting noticed and held pursuant to the Bagley-Keene
23 Open Meeting Act (Article 9 (commencing with Section 11120)
24 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
25 Code).

26 (b) Notwithstanding Section 13340 of the Government Code,
27 the sum of three billion dollars (\$3,000,000,000) is hereby
28 continuously appropriated from the fund, without regard to fiscal
29 years, to the commission for public benefits associated with water
30 storage projects that improve the operation of the state water
31 system, are cost effective, and provide a net improvement in
32 ecosystem and water quality conditions, in accordance with this
33 chapter. Funds authorized for, or made available to, the commission
34 pursuant to this chapter shall be available and expended only for
35 the purposes provided in this chapter, and shall not be subject to
36 appropriation or transfer by the Legislature or the Governor for
37 any other purpose.

38 (c) Projects shall be selected by the commission through a
39 competitive public process that ranks potential projects based on
40 the expected return for public investment as measured by the

1 magnitude of the public benefits provided, pursuant to criteria
2 established under this chapter.

3 (d) Any project constructed with funds provided by this chapter
4 shall be subject to Section 11590.

5 79761. Projects for which the public benefits are eligible for
6 funding under this chapter consist of only the following:

7 (a) Surface storage projects identified in the CALFED Bay-Delta
8 Program Record of Decision, dated August 28, 2000, except for
9 projects prohibited by Chapter 1.4 (commencing with Section
10 5093.50) of Division 5 of the Public Resources Code.

11 (b) Groundwater storage projects and groundwater
12 contamination prevention or remediation projects that provide
13 water storage benefits.

14 (c) Conjunctive use and reservoir reoperation projects.

15 (d) Local and regional surface storage projects that improve the
16 operation of water systems in the state and provide public benefits.

17 79762. A project shall not be funded pursuant to this chapter
18 unless it provides measurable improvements to the Delta ecosystem
19 or to the tributaries to the Delta.

20 79763. (a) Funds allocated pursuant to this chapter may be
21 expended solely for the following public benefits associated with
22 water storage projects:

23 (1) Ecosystem improvements, including changing the timing of
24 water diversions, improvement in flow conditions, temperature,
25 or other benefits that contribute to restoration of aquatic ecosystems
26 and native fish and wildlife, including those ecosystems and fish
27 and wildlife in the Delta.

28 (2) Water quality improvements in the Delta, or in other river
29 systems, that provide significant public trust resources, or that
30 clean up and restore groundwater resources.

31 (3) Flood control benefits, including, but not limited to, increases
32 in flood reservation space in existing reservoirs by exchange for
33 existing or increased water storage capacity in response to the
34 effects of changing hydrology and decreasing snow pack on
35 California's water and flood management system.

36 (4) Emergency response, including, but not limited to, securing
37 emergency water supplies and flows for dilution and salinity
38 repulsion following a natural disaster or act of terrorism.

39 (5) Recreational purposes, including, but not limited to, those
40 recreational pursuits generally associated with the outdoors.

(b) Funds shall not be expended pursuant to this chapter for the costs of environmental mitigation measures or compliance obligations except for those associated with providing the public benefits as described in this section.

79764. In consultation with the Department of Fish and Wildlife, the state board, and the department, the commission shall develop and adopt, by regulation, methods for quantification and management of public benefits described in Section 79763 by December 15, 2016. The regulations shall include the priorities and relative environmental value of ecosystem benefits as provided by the Department of Fish and Wildlife and the priorities and relative environmental value of water quality benefits as provided by the state board.

79765. (a) Except as provided in subdivision (c), funds allocated pursuant to this chapter shall not be allocated for a project before December 15, 2016, and until the commission approves the project based on the commission's determination that all of the following have occurred:

(1) The commission has adopted the regulations specified in Section 79764 and specifically quantified and made public the cost of the public benefits associated with the project.

(2) The project applicant has entered into a contract with each party that will derive benefits, other than public benefits, as defined in Section 79763, from the project that ensures the party will pay its share of the total costs of the project. The benefits available to a party shall be consistent with that party's share of total project costs.

(3) The project applicant has entered into a contract with each public agency identified in Section 79764 that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet all the requirements of this chapter, to ensure that the public contribution of funds pursuant to this chapter achieves the public benefits identified for the project.

(4) The commission has held a public hearing for the purposes of providing an opportunity for the public to review and comment on the information required to be prepared pursuant to this subdivision.

(5) All of the following additional conditions are met:

(A) Feasibility studies have been completed.

1 (B) The commission has found and determined that the project
2 is feasible, is consistent with all applicable laws and regulations,
3 and will advance the long-term objectives of restoring ecological
4 health and improving water management for beneficial uses of the
5 Delta.

6 (C) All environmental documentation associated with the project
7 has been completed, and all other federal, state, and local approvals,
8 certifications, and agreements required to be completed have been
9 obtained.

10 (b) The commission shall submit to the Legislature its findings
11 for each of the criteria identified in subdivision (a) for a project
12 funded pursuant to this chapter.

13 (c) Notwithstanding subdivision (a), funds may be made
14 available under this chapter for the completion of environmental
15 documentation and permitting of a project.

16 79766. (a) The public benefit cost share of a project funded
17 pursuant to this chapter, other than a project described in
18 subdivision (c) of Section 79761, shall not exceed 50 percent of
19 the total costs of any project funded under this chapter.

20 (b) A project shall not be funded unless it provides ecosystem
21 improvements as described in paragraph (1) of subdivision (a) of
22 Section 79763 that are at least 50 percent of total public benefits
23 of the project funded under this chapter.

24 79767. (a) A project is not eligible for funding under this
25 chapter unless, by January 1, 2022, all of the following conditions
26 are met:

27 (1) All feasibility studies are complete and draft environmental
28 documentation is available for public review.

29 (2) The commission makes a finding that the project is feasible,
30 and will advance the long-term objectives of restoring ecological
31 health and improving water management for beneficial uses of the
32 Delta.

33 (3) The project applicant receives commitments for not less
34 than 75 percent of the nonpublic benefit cost share of the project.

35 (b) If compliance with subdivision (a) is delayed by litigation
36 or failure to promulgate regulations, the date in subdivision (a)
37 shall be extended by the commission for a time period that is equal
38 to the time period of the delay, and funding under this chapter that
39 has been dedicated to the project shall be encumbered until the

1 time at which the litigation is completed or the regulations have
2 been promulgated.

3 79768. Surface storage projects funded pursuant to this chapter
4 and described in subdivision (a) of Section 79761 may be made a
5 unit of the Central Valley Project as provided in Section 11290
6 and may be financed, acquired, constructed, operated, and
7 maintained pursuant to Part 3 (commencing with Section 11100)
8 of Division 6.

9 79769. (a) The funds allocated for the design, acquisition, and
10 construction of surface storage projects identified in the CALFED
11 Bay-Delta Record of Decision, dated August 28, 2000, pursuant
12 to this chapter may be provided for those purposes to local joint
13 powers authorities formed by irrigation districts and other local
14 water districts and local governments within the applicable
15 hydrologic region to design, acquire, and construct those projects.

16 (b) The joint powers authorities described in subdivision (a)
17 may include in their membership governmental partners that are
18 not located within their respective hydrologic regions in financing
19 the surface storage projects, including, as appropriate, cost-share
20 participation or equity participation. Notwithstanding Section 6525
21 of the Government Code, the joint powers authorities described
22 in subdivision (a) shall not include in their membership any
23 for-profit corporation, or any mutual water company whose
24 shareholders and members include a for-profit corporation or any
25 other private entity. The department shall be an ex officio member
26 of each joint powers authority subject to this section, but the
27 department shall not control the governance, management, or
28 operation of the surface water storage projects.

29 (c) A joint powers authority subject to this section shall own,
30 govern, manage, and operate a surface water storage project,
31 subject to the requirement that the ownership, governance,
32 management, and operation of the surface water storage project
33 shall advance the purposes set forth in this chapter.

34 79769.5. (a) In approving the Safe, Clean, and Reliable
35 Drinking Water Supply Act of 2014, the people were informed
36 and hereby declare that the provisions of this chapter are necessary,
37 integral, and essential to meeting the single object or work of the
38 Safe, Clean, and Reliable Drinking Water Supply Act of 2014. As
39 such, any amendment of the provisions of this chapter by the
40 Legislature without voter approval would frustrate the scheme and

1 design that induced voter approval of this act. The people therefore
2 find and declare that any amendment of the provisions of this
3 chapter by the Legislature shall require an affirmative vote of
4 two-thirds of the membership in each house of the Legislature and
5 voter approval.

6 (b) This section shall not govern or be used as authority for
7 determining whether the amendment of any other provision of this
8 act not contained in this chapter would constitute a substantial
9 change in the scheme and design of this act requiring voter
10 approval.

11
12 CHAPTER 9. GENERAL PROVISIONS
13

14 79770. The proceeds of bonds issued and sold pursuant to this
15 division shall be deposited into the Safe Drinking Water, Water
16 Quality, and Water Supply Fund of 2014, which is hereby created
17 in the State Treasury. Moneys in the fund shall be available, upon
18 appropriation by the Legislature, in the manner and for the purposes
19 set forth in this division.

20 79772. An amount that equals not more than 5 percent of the
21 funds allocated for a program pursuant to this division may be
22 used to pay the administrative costs of that program.

23 79774. Up to 10 percent of funds allocated for each program
24 funded by this division may be used to finance planning and
25 monitoring necessary for the successful design, selection, and
26 implementation of the projects authorized under that program.
27 This section shall not otherwise restrict funds ordinarily used by
28 an agency for “preliminary plans,” “working drawings,” and
29 “construction” as defined in the annual Budget Act for a capital
30 outlay project or grant project. Water quality monitoring data shall
31 be collected and reported to the state board in a manner that is
32 compatible and consistent with surface water monitoring data
33 systems or groundwater monitoring data systems administered by
34 the state board.

35 79776. Chapter 3.5 (commencing with Section 11340) of Part
36 1 of Division 3 of Title 2 of the Government Code does not apply
37 to the development or implementation of programs or projects
38 authorized or funded under this division other than Chapter 8
39 (commencing with Section 79760).

1 79778. (a) Prior to disbursing grants or loans pursuant to this
2 division, each state agency that is required to administer a financial
3 assistance program under this division shall develop project
4 solicitation and evaluation guidelines. The guidelines may include
5 a limitation on the dollar amount of grants to be awarded. If the
6 state agency has previously developed and adopted project
7 solicitation and evaluation guidelines that meet the requirements
8 of this division, it may use those guidelines.

9 (b) Prior to disbursing funds pursuant to this division, the state
10 agency shall conduct public meetings to consider public comments
11 prior to finalizing the guidelines, as determined to be necessary
12 by the implementing state agency. The state agency shall publish
13 the draft solicitation and evaluation guidelines on its Internet Web
14 site at least 30 days before any public meetings. Upon adoption,
15 the state agency shall transmit copies of the guidelines to the fiscal
16 committees and the appropriate policy committees of the
17 Legislature.

18 (c) Projects funded with proceeds from this division shall
19 promote state planning priorities consistent with the provisions of
20 Section 65041.1 of the Government Code and sustainable
21 communities strategies consistent with the provisions of
22 subparagraph (B) of paragraph (2) of subdivision (b) of Section
23 65080 of the Government Code.

24 (d) To the extent feasible, in implementing Section 79751, the
25 Sacramento-San Joaquin Delta Conservancy shall seek to achieve
26 wildlife conservation objectives through projects on public lands
27 or voluntary projects on private lands. Funds available pursuant
28 to Section 79751 may be used, in consultation with the Department
29 of Fish and Wildlife, for payments to landowners for the creation
30 of measurable habitat improvements or other improvements to the
31 condition of endangered or threatened species. The Sacramento-San
32 Joaquin Delta Conservancy may develop and implement a
33 competitive program for habitat enhancements that maximizes
34 voluntary landowner participation in projects that provide
35 measurable and long-lasting habitat or species improvements in
36 the Delta. These funds shall not be used to subsidize or decrease
37 the mitigation obligations of any party.

38 (e) In implementing Section 79751, the Sacramento-San Joaquin
39 Delta Conservancy shall coordinate, cooperate, and consult with
40 the city or county in which a grant is proposed to be expended or

1 an interest in real property is proposed to be acquired and with the
2 Delta Protection Commission. Acquisitions pursuant to Section
3 79751 shall be from willing sellers only.

4 (f) In implementing Section 79751, the Sacramento-San Joaquin
5 Delta Conservancy shall require grantees to demonstrate how local
6 economic impacts, including impacts related to the loss of
7 agricultural lands, will be mitigated.

8 (g) Funds provided by this division shall not be used to acquire
9 land via eminent domain.

10 (h) Restoration and ecosystem protection projects funded by
11 this division shall use the services of the California Conservation
12 Corps or certified community conservation corps, as defined in
13 Section 14507.5 of the Public Resources Code, whenever feasible.

14 (i) It is the intent of the people that California's working
15 agricultural and forested landscapes be preserved wherever
16 possible. To the extent feasible, watershed objectives included in
17 this division should be achieved through use of conservation
18 easements and voluntary landowner participation, including, but
19 not limited to, the use of easements pursuant to Division 10.4
20 (commencing with Section 10330) and Division 10.2 (commencing
21 with Section 10200) of the Public Resources Code and voluntary
22 habitat credit exchange mechanisms.

23 (j) It is the intent of the people that any funds allocated pursuant
24 to this division to an investor-owned utility regulated by the Public
25 Utilities Commission or a mutual water company should be for
26 the benefit of the ratepayers or the public and not the investors.

27 (k) In allocating funds pursuant to Section 79721, 79722, or
28 79731, the state board shall consider a written statement prepared
29 by a local agency formation commission regarding the
30 consolidation or extension of, or other shared solutions for, water
31 or sewer services.

32 79780. It is the intent of the people that:

33 (a) The investment of public funds pursuant to this division
34 result in public benefits.

35 (b) Special consideration be given to projects that employ new
36 or innovative technology or practices, including decision support
37 tools that demonstrate the multiple benefits of integration of
38 multiple jurisdictions, including, but not limited to, water supply,
39 flood control, land use, and sanitation.

1 79782. The State Auditor shall annually conduct a
2 programmatic review and an audit of expenditures from the fund.
3 The State Auditor shall report its findings annually on or before
4 March 1 to the Governor and the Legislature, and shall make the
5 findings available to the public.

6 79783. Funds provided by this division shall be expended in
7 a manner consistent with the applicable regional water quality
8 control plan adopted pursuant to Chapter 4 (commencing with
9 Section 13200) of Division 7 in effect at the time the project is
10 approved.

11 79784. (a) Funds provided by this division shall not be used
12 to support or pay for the costs of environmental mitigation
13 measures or compliance obligations of any party except as part of
14 the environmental mitigation costs of projects financed by this
15 division. Funds provided by this division may be used for
16 environmental enhancements or other public benefits.

17 (b) Funds provided by this division shall not be expended for
18 the acquisition or transfer of water rights except for a permanent
19 dedication of water approved in accordance with Section 1707
20 where the state board specifies that the water is in addition to water
21 that is required for regulatory requirements as provided in
22 subdivision (c) of Section 1707. The requirement that a dedication
23 of water be permanent shall not preclude the expenditure of funds
24 provided by this division for the initiation of the dedication as a
25 short term or temporary urgency change, that is approved in
26 accordance with Section 1707 and either Chapter 6.6 (commencing
27 with Section 1435) of, or Chapter 10.5 (commencing with Section
28 1725) of, Part 2 of Division 2, during the period required to prepare
29 any environmental documentation and for approval of permanent
30 dedication.

31 79786. Funds provided by this division shall not be expended
32 to pay costs associated with design, construction, operation,
33 maintenance, or mitigation of new Delta conveyance facilities.

34 79788. The Legislature may enact legislation necessary to
35 implement programs funded by this division.

36 79790. (a) Eligible applicants under this division are public
37 agencies, nonprofit organizations, public utilities, mutual water
38 companies, and Indian tribes having a federally recognized
39 governing body carrying out substantial governmental duties in,
40 and powers over, any area. To be eligible for funding under this

division, a project proposed by a public utility that is regulated by the Public Utilities Commission or a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the water system.

(b) (1) To be eligible for funding under this division, an urban water supplier shall adopt and submit an urban water management plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6).

(2) To be eligible for funding under this division, an agricultural water supplier shall adopt and submit an agricultural water management plan in accordance with the Agricultural Water Management Planning Act (Part 2.8 (commencing with Section 10800) of Division 6).

(3) In accordance with Section 10608.56, an agricultural water supplier or an urban water supplier is ineligible for funding under this division unless it complies with the requirements of Part 2.55 (commencing with Section 10608) of Division 6.

79792. (a) This division does not diminish, impair, or otherwise affect in any manner whatsoever any area of origin, watershed of origin, county of origin, or any other water rights protections, including, but not limited to, rights to water appropriated prior to December 19, 1914, provided under the law. This division does not limit or otherwise affect the application of Article 1.7 (commencing with Section 1215) of Chapter 1 of Part 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and 11463, and Sections 12200 to 12220, inclusive.

(b) For the purposes of this division, an area that utilizes water that has been diverted and conveyed from the Sacramento River hydrologic region, for use outside the Sacramento River hydrologic region or the Delta, shall not be deemed to be immediately adjacent thereto or capable of being conveniently supplied with water therefrom by virtue or on account of the diversion and conveyance of that water through facilities that may be constructed for that purpose after January 1, 2014.

(c) Nothing in this division supersedes, limits, or otherwise modifies the applicability of Chapter 10 (commencing with Section 1700) of Part 2 of Division 2, including petitions related to any new conveyance constructed or operated in accordance with Chapter 2 (commencing with Section 85320) of Part 4 of Division

35.

(d) Unless otherwise expressly provided, nothing in this division supersedes, reduces, or otherwise affects existing legal protections, both procedural and substantive, relating to the state board's regulation of diversion and use of water, including, but not limited to, water rights priorities, the protection provided to municipal interests by Sections 106 and 106.5, and changes in water rights. Nothing in this division expands or otherwise alters the state board's existing authority to regulate the diversion and use of water or the courts' existing concurrent jurisdiction over California water rights.

(e) Nothing in this division limits or otherwise affects the application of Chapter 2 (commencing with Section 85320) of Part 4 of Division 35.

(f) Nothing in this division shall be construed to affect the California Wild and Scenic Rivers Act (Chapter 1.4 (commencing with Section 5093.50) of Division 5 of the Public Resources Code) or the federal Wild and Scenic Rivers Act (16 U.S.C. Sec. 1271 et seq.), and funds available pursuant to this division shall not be available for any project that could have an adverse effect on the free flowing condition of a wild and scenic river or any other river afforded protections pursuant to the California Wild and Scenic Rivers Act or the federal Wild and Scenic Rivers Act (16 U.S.C. Sec. 1271 et seq.).

(g) Nothing in this division shall be construed to affect any contract entered into before January 1, 2013, between the State of California and one or more of the delta water agencies pursuant to the authority granted under Chapter 283 of the Statutes of 1973, Chapter 1089 of the Statutes of 1973, or Chapter 1133 of the Statutes of 1973, as those chapters may have been amended.

79794. All funds provided by this division shall be administered and expended pursuant to existing law, as those provisions may be amended, including, but not limited to, the Sacramento-San Joaquin Delta Reform Act of 2009 (Division 35 (commencing with Section 85000), unless explicitly exempted by this division).

CHAPTER 10. FISCAL PROVISIONS

79820. (a) Bonds in the total amount of ten billion five hundred million dollars (\$10,500,000,000), or so much thereof as is necessary, not including the amount of any refunding bonds issued

1 in accordance with Section 79840 may be issued and sold to
2 provide a fund to be used for carrying out the purposes expressed
3 in this division and to reimburse the General Obligation Bond
4 Expense Revolving Fund pursuant to Section 16724.5 of the
5 Government Code. The bonds, when sold, shall be and constitute
6 a valid and binding obligation of the State of California, and the
7 full faith and credit of the State of California is hereby pledged
8 for the punctual payment of both principal of, and interest on, the
9 bonds as the principal and interest become due and payable.

10 (b) The Treasurer shall sell the bonds authorized by the finance
11 committee pursuant to this section. The bonds shall be sold upon
12 the terms and conditions specified in a resolution to be adopted
13 by the finance committee pursuant to Section 16731 of the
14 Government Code.

15 79822. The bonds authorized by this division shall be prepared,
16 executed, issued, sold, paid, and redeemed as provided in the State
17 General Obligation Bond Law (Chapter 4 (commencing with
18 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
19 Code), and all of the provisions of that law apply to the bonds and
20 to this division and are hereby incorporated in this division as
21 though set forth in full in this division, except subdivisions (a) and
22 (b) of Section 16727 of the Government Code.

23 79824. (a) Solely for the purpose of authorizing the issuance
24 and sale pursuant to the State General Obligation Bond Law
25 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
26 4 of Title 2 of the Government Code) of the bonds authorized by
27 this division, the Safe Drinking Water, Water Quality, and Water
28 Supply Finance Committee is hereby created. For purposes of this
29 division, the Safe Drinking Water, Water Quality, and Water
30 Supply Finance Committee is the “committee” as that term is used
31 in the State General Obligation Bond Law. The finance committee
32 consists of the Director of Finance, the Treasurer, the Controller,
33 the Director of Water Resources, and the Secretary of the Natural
34 Resources Agency, or their designated representatives. The
35 Treasurer shall serve as chairperson of the finance committee. A
36 majority of the finance committee may act for the finance
37 committee.

38 (b) For purposes of the State General Obligation Bond Law, the
39 Department of Water Resources is designated the “board.”

1 79826. The finance committee shall determine whether or not
2 it is necessary or desirable to issue bonds authorized pursuant to
3 this division in order to carry out the actions specified in this
4 division and, if so, the amount of bonds to be issued and sold.
5 Successive issues of bonds may be authorized and sold to carry
6 out those actions progressively, and it is not necessary that all of
7 the bonds authorized to be issued be sold at any one time.

8 79828. There shall be collected each year and in the same
9 manner and at the same time as other state revenue is collected,
10 in addition to the ordinary revenues of the state, a sum in an amount
11 required to pay the principal of, and interest on, the bonds each
12 year. It is the duty of all officers charged by law with any duty in
13 regard to the collection of the revenue to do and perform each and
14 every act that is necessary to collect that additional sum.

15 79830. Notwithstanding Section 13340 of the Government
16 Code, there is hereby appropriated from the General Fund in the
17 State Treasury, for the purposes of this division, an amount that
18 will equal the total of the following:

19 (a) The sum annually necessary to pay the principal of, and
20 interest on, bonds issued and sold pursuant to this division, as the
21 principal and interest become due and payable.

22 (b) The sum necessary to carry out Section 79832, appropriated
23 without regard to fiscal years.

24 79832. For the purposes of carrying out this division, the
25 Director of Finance may authorize the withdrawal from the General
26 Fund of an amount not to exceed the amount of the unsold bonds
27 that have been authorized by the finance committee to be sold for
28 the purpose of carrying out this division less any amount borrowed
29 pursuant to Section 79838. Any amounts withdrawn shall be
30 deposited in the fund. Any moneys made available under this
31 section shall be returned to the General Fund from proceeds
32 received from the sale of bonds for the purpose of carrying out
33 this division.

34 79834. All moneys deposited in the fund that are derived from
35 premium and accrued interest on bonds sold shall be reserved in
36 the fund and shall be available for transfer to the General Fund as
37 a credit to expenditures for bond interest, except that amounts
38 derived from premium may be reserved and used to pay the cost
39 of bond issuance prior to any transfer to the General Fund.

1 79836. Pursuant to Chapter 4 (commencing with Section
2 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
3 the cost of bond issuance shall be paid out of the bond proceeds,
4 including premium, if any. To the extent the cost of bond issuance
5 is not paid from premiums received from the sale of bonds, the
6 cost shall be shared proportionally by each program funded through
7 this division by the applicable bond sale.

8 79838. The board may request the Pooled Money Investment
9 Board to make a loan from the Pooled Money Investment Account,
10 in accordance with Section 16312 of the Government Code for the
11 purpose of carrying out this division less any amount withdrawn
12 pursuant to Section 79832. The amount of the request shall not
13 exceed the amount of the unsold bonds that the finance committee,
14 by resolution, has authorized to be sold for the purpose of carrying
15 out this division. The board shall execute any documents required
16 by the Pooled Money Investment Board to obtain and repay the
17 loan. Any amounts loaned shall be deposited in the fund to be
18 allocated in accordance with this division.

19 79840. The bonds issued and sold pursuant to this division
20 may be refunded in accordance with Article 6 (commencing with
21 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
22 the Government Code, which is a part of the State General
23 Obligation Bond Law. Approval by the voters of the state for the
24 issuance of the bonds under this division shall include the approval
25 of the issuance of any bonds issued to refund any bonds originally
26 issued under this division or any previously issued refunding bonds.

27 79842. Notwithstanding any other provision of this division,
28 or of the State General Obligation Bond Law, if the Treasurer sells
29 bonds pursuant to this division that include a bond counsel opinion
30 to the effect that the interest on the bonds is excluded from gross
31 income for federal tax purposes, under designated conditions or
32 is otherwise entitled to any federal tax advantage, the Treasurer
33 may maintain separate accounts for the investment of bond
34 proceeds and for the investment of earnings on those proceeds.
35 The Treasurer may use or direct the use of those proceeds or
36 earnings to pay any rebate, penalty, or other payment required
37 under federal law or take any other action with respect to the
38 investment and use of those bond proceeds required or desirable
39 under federal law to maintain the tax exempt status of those bonds

1 and to obtain any other advantage under federal law on behalf of
2 the funds of this state.

3 79844. The proceeds from the sale of bonds authorized by this
4 division are not “proceeds of taxes” as that term is used in Article
5 XIII B of the California Constitution, and the disbursement of
6 these proceeds is not subject to the limitations imposed by that
7 article.

8 SEC. 3. (a) The Legislature finds and declares that
9 voter-approved bonds enacted in the past include funding for
10 projects that are either no longer necessary or not as vital as other
11 projects to the continued supply of safe, clean, and affordable water
12 California needs today. Today’s electorate should have the choice
13 to redirect proceeds from bonds approved decades ago to superior
14 uses given California’s changing water supply needs.

15 (b) Notwithstanding any other provision of law and without
16 limiting any other authorized use, any unencumbered proceeds of
17 bonds in the following bond funds as of November 5, 2014, may
18 be appropriated by the Legislature for one or more of the purposes
19 of Sections 79724, ~~79729~~, 79728, and 79732 of the Water Code,
20 including, but not limited to, making grants as provided in those
21 provisions rather than for the purposes described in the bond acts
22 pursuant to which the bonds were issued:

23 (1) The 1986 Water Conservation and Water Quality Bond Fund
24 created pursuant to Section 13453 of the Water Code.

25 (2) The 1988 Water Conservation Fund created pursuant to
26 Section 12879.3 of the Water Code.

27 (3) The Safe, Clean, Reliable Water Supply Fund created
28 pursuant to Section 78505 of the Water Code and any accounts
29 therein.

30 (4) The Safe Drinking Water, Clean Water, Watershed
31 Protection, and Flood Protection Bond Fund created pursuant to
32 Section 79013 of the Water Code and any accounts therein.

33 (c) Prior to a grant or any other application of any unencumbered
34 proceeds of bonds for the purposes of Sections 79724, ~~79729~~,
35 79728, and 79732 of the Water Code, either the finance committee
36 as created by Section 79824 of the Water Code or the State Water
37 Resources Control Board, whomever is approving the applicable
38 grant or otherwise applying the bond proceeds, shall consult with
39 the office of the Treasurer to determine whether the application
40 of the bond proceeds to the particular purpose and the related

1 operation and administration of any related project complies with
2 any federal income tax restrictions and any contractual agreements
3 then in effect relating to the applicable bonds.

4 SEC. 4. Section 2 of Chapter 3 of the Seventh Extraordinary
5 Session of the Statutes of 2009, as amended by Section 1 of
6 Chapter 74 of the Statutes of 2012, is repealed.

7 SEC. 5. Sections 2 and 3 of this act shall be submitted to the
8 voters at the November 4, 2014, statewide general election in
9 accordance with provisions of the Government Code and the
10 Elections Code governing the submission of a statewide measure
11 to the voters.

12 SEC. 6. Sections 2 and 3 of this act shall take effect upon the
13 approval by the voters of the Safe Drinking Water, Water Quality,
14 and Water Supply Act of 2014, as set forth in that section at the
15 November 4, 2014, statewide general election.

16 SEC. 7. It is the intent of the Legislature to enact legislation
17 during the 2013–14 Regular Session that would develop statewide
18 groundwater management plan requirements.

19 SEC. 8. This act is an urgency statute necessary for the
20 immediate preservation of the public peace, health, or safety within
21 the meaning of Article IV of the Constitution and shall go into
22 immediate effect. The facts constituting the necessity are:

23 In order to fund safe drinking water, water quality, and water
24 supply at the earliest possible date, it is necessary that this act take
25 effect immediately.